Morality in the Service of Mercantilism: Ordoliberalism, the German National Interest and European Economic Governance in the Eurozone Crisis and Beyond

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Abstract

Numerous studies attribute the Eurozone crisis and the failure to resolve it to German elites’ and voters’ fealty to Ordoliberalism. This interpretation is shared by the otherwise antagonistic historical institutionalist and ideational schools of comparative political economy, which both hold that it was German policy institutions’ or leaders’ ordoliberal principles that brought them to blame the crisis in the Eurozone’s periphery on fiscal profligacy and to intervene “too little, too late” for fear of violating Ordoliberalism’s central liability principle. This article posits that this ordoliberal interpretive and prescriptive framework is inadequate to explain Germany’s response to the Eurozone crisis. Deploying a neoclassical realist framework, the article argues that Ordoliberalism was pursued as a strategic idea when it was consistent with core German economic and political interests, notably the preservation of the country’s export-led growth model and leadership of the European Union (EU), as well as the principal institutions, such as the Single Market and European Monetary Union (EMU), advancing these interests. Conversely, when a strict application of its principles ran counter to the latter, German decisionmakers demurred from pursuing Ordoliberalism. The article considers the political implications of Germany’s selective pursuit of Ordoliberalism for the EU. It concludes that this strategy may be undermining the functional basis and political legitimacy of German hegemonic governance in Europe.

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